

ANNUAL STATEMENT

OF THE

Victory Health Plan, Inc.

of

Brentwood

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

FOR THE YEAR ENDED
DECEMBER 31, 2004

2004



ANNUAL STATEMENT
For the Year Ending December 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
Victory Health Plan, Inc.

NAIC Group Code	1268 (Current Period)	1268 (Prior Period)	NAIC Company Code	95792	Employer's ID Number	62-1531881
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated	05/14/1993		Commenced Business	01/01/1994		
Statutory Home Office	215 Centerview Drive, Suite 300 (Street and Number)		Brentwood, TN 37027 (City, or Town, State and Zip Code)			
Main Administrative Office	215 Centerview Drive, Suite 300 (Street and Number)					
	Brentwood, TN 37027 (City or Town, State and Zip Code)		(615)782-7800 (Area Code) (Telephone Number)			
Mail Address	215 Centerview Drive, Suite 300 (Street and Number or P.O. Box)		Brentwood, TN 37027 (City, or Town, State and Zip Code)			
Primary Location of Books and Records	215 Centerview Drive, Suite 300 (Street and Number)					
	Brentwood, TN 37027 (City, or Town, State and Zip Code)		(615)782-7914 (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	Jennifer Giannotti (Name)		(615)782-7914 (Area Code)(Telephone Number)(Extension)			
	jgiannotti@vhptn.com (E-Mail Address)		(615)782-7826 (Fax Number)			
Policyowner Relations Contact						
			(Street and Number)			
			(City, or Town, State and Zip Code)			
			(Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Michael Bailey	President
Willis Jones	Secretary
	Treasurer

OTHERS

DIRECTORS OR TRUSTEES

Philip Hertik
Michael Bailey

Willis Jones

State of Tennessee
County of Williamson ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Michael Bailey	(Signature) Willis Jones	(Signature)
(Printed Name) President	(Printed Name) Secretary	(Printed Name) Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
day of , 2005

- a. Is this an original filing?
b. If no, 1. State the amendment number
2. Date filed
3. Number of pages attached

Yes[] No[X]
1
03/25/2005

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	1,340,158		1,340,158	1,327,515
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....3,758,728 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA)	3,758,728		3,758,728	3,251,451
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	5,098,886		5,098,886	4,578,966
11.	Investment income due and accrued	8,434		8,434	8,594
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection				
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers				
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans	36,865		36,865	
15.1	Current federal and foreign income tax recoverable and interest thereon				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates				
21.	Health care (\$.....) and other amounts receivable				152,000
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	5,144,185		5,144,185	4,739,560
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	5,144,185		5,144,185	4,739,560
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	.....			
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)				64,818
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	68,519		68,519	68,380
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	100,019		100,019	972
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				102,888
21.	Aggregate write-ins for other liabilities (including \$..... current)				114,710
22.	Total liabilities (Lines 1 to 21)	168,538		168,538	351,768
23.	Common capital stock	X X X	X X X	100,000	100,000
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	85,190,279	85,190,279
26.	Surplus notes	X X X	X X X	4,231,300	4,231,300
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X	(6,955,991)	(6,955,991)
28.	Unassigned funds (surplus)	X X X	X X X	(77,589,941)	(78,177,796)
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	4,975,647	4,387,792
31.	Total Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	5,144,185	4,739,560
DETAILS OF WRITE-INS					
2101.	Other Accounts Payable				114,710
2102	.....			
2103	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				114,710
2701.	Dividend to Vanderbilt University	X X X	X X X	(6,955,991)	(6,955,991)
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X	(6,955,991)	(6,955,991)

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	416,116	334,760
2.	Net premium income (including \$..... non-health premium income)	X X X		23,373
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		37,290
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X		60,663
Hospital and Medical:				
9.	Hospital/medical benefits		(55,034)	(62,557)
10.	Other professional services			
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs			
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			15
16.	Subtotal (Lines 9 to 15)		(55,034)	(62,542)
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)		(55,034)	(62,542)
19.	Non-health claims			
20.	Claims adjustment expenses, including \$..... cost containment expenses			
21.	General administrative expenses		(149,967)	973,153
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		(205,001)	910,611
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	205,001	(849,948)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		63,872	84,090
26.	Net realized capital gains (losses)			
27.	Net investment gains (losses) (Lines 25 plus 26)		63,872	84,090
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	268,873	(765,858)
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	268,873	(765,858)
DETAILS OF WRITE-INS				
0601.	Other Revenue - Performance Guarantee	X X X		37,290
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		37,290
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401	.....		
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	4,387,792	5,472,632
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	268,873	(765,858)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	318,982	(318,982)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	587,855	(1,084,840)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	4,975,647	4,387,792
DETAILS OF WRITE-INS			
4701.	Dividend to Vanderbilt University		
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES & EXPENSES

		Current Year	Prior Year
	MEMBER MONTHS	414,496	334,843
	REVENUES:		
1.	TennCare Capitation	69,305,508	52,197,794
2.	Investment	92,616	106,522
3.	Other Revenue (Provide Detail)	-	37,290
4.	TOTAL REVENUES (Lines 1 to 3)	69,398,124	52,341,606
	EXPENSES:		
	Medical and Hospital Services		
5.	Capitated Physician Services	1,360,368	567,696
6.	Fee-for-Service Physician Services	9,715,196	2,776,142
7.	Inpatient Hospital Services	13,874,913	2,812,688
8.	Outpatient Services	11,665,233	3,477,308
9.	Emergency Room Services	-	-
10.	Mental Health Services	-	-
11.	Dental Services	6,186	6,020
12.	Vision Services	-	134,256
13.	Pharmacy Services	1,355	5,112,920
14.	Home Health Services	649,018	909,120
15.	Chiropractic Services	Not available	Not available
16.	Radiology Services	Not available	Not available
17.	Laboratory Services	-	-
18.	Durable Medical Equipment Services	Not available	Not available
19.	Transportation Services	1,634,744	1,119,110
20.	Outside Referrals	-	-
21.	Medical Incentive Pool and Withhold Adjustments	-	-
22.	Occupancy, Depreciation, and Amortization	-	-
23.	Other Medical and Hospital Services (Provide Detail)	34,643,417	29,284,083
24.	Subtotal (Lines 5 to 23)	73,550,429	46,199,342
25.	Reinsurance Expenses Net of Recoveries	-	11,586
	LESS:		
26.	Copayments	Not available	Not available
27.	Subrogation	Not available	Not available
28.	Coordination of Benefits	Not available	Not available
29.	Subtotal (Lines 26 to 28)	-	-
30.	TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	73,550,429	46,210,928
	Administraton:		
31.	Compensation	1,497,259	2,355,011
32.	Marketing	32	-
33.	Interest Expense	-	-
34.	Premium Tax Expense	1,386,110	960,320
35.	Occupancy, Depreciation, and Amortization	28,744	22,432
36.	Other Administrative (Provide Detail)	4,157,480	2,599,182
37.	TOTAL ADMINISTRATION (Lines 31 to 36)	7,069,625	5,936,945
38.	TOTAL EXPENSES (Lines 30 and 37)	80,620,054	52,147,873
39.	NET INCOME (LOSS) (Line 4 less Line 38)	(11,221,930)	193,733

23.	Detail of Other Medical and Hospital:		
	Ancillary Claims (includes DME, lab, rad, chiro, MH/SA, etc.)	1,667,995	1,030,059
	IBNR Adjustment	7,617,500	(37,337)
	Global Capitation	25,357,922	28,291,362
	Total Other Medical and Hospital	34,643,417	29,284,083

36.	Detail of Other Administrative:		
	Other Taxes and License Fees	660	660
	Consulting, Accounting, Legal Expense	62,191	47,260
	Bank Service Charges	-	-
	Pharmacy Administrative Expense	-	-
	Insurance Expense	-	-
	Physician Advisory Committee/ Med Dir Services	-	-
	Other Misc. Expenses	4,094,629	2,551,262
	Total Other Administrative	4,157,480	2,599,182

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance		23,373
2.	Net investment income	92,776	111,553
3.	Miscellaneous income	152,000	
4.	Total (Lines 1 through 3)	244,776	134,926
5.	Benefit and loss related payments	237,500	596,089
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	(541,388)	1,193,877
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)		(253,356)
10.	Total (Lines 5 through 9)	(303,888)	1,536,610
11.	Net cash from operations (Line 4 minus 10)	548,664	(1,401,684)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	770,000	440,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	770,000	440,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	811,387	555,538
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	811,387	555,538
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(41,387)	(115,538)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)		
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	507,277	(1,517,222)
19.	Cash and short-term investments:		
19.1	Beginning of year	3,251,451	4,768,673
19.2	End of year (Line 18 plus Line 19.1)	3,758,728	3,251,451

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	<div>NONE</div>		.....	.....
7.	Title XIX - Medicaid .....			.....	.....
8.	Stop loss .....			.....	.....
9.	Disability income .....			.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11) .....	.....	.....	.....	.....
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14) .....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	9,784							9,784					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	9,784							9,784					
2.	Paid medical incentive pools and bonuses													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year													
6.	Amounts recoverable from reinsurers December 31, current year													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct	64,818							64,818					
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net	64,818							64,818					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year													
10.	Amounts recoverable from reinsurers December 31, prior year													
11.	Incurred benefits:													
	11.1 Direct	(55,034)							(55,034)					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded													
	11.4 Net	(55,034)							(55,034)					
12.	Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct													
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net													
2.	Incurred but Unreported:													
	2.1 Direct													
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net													
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	9,784	.....	.....	.....	9,784	64,818
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	9,784	.....	.....	.....	9,784	64,818
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	9,784	.....	.....	.....	9,784	64,818

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	3,476	38	61	(21)	
2.	2000	2,469	942	(4)	(6)	(8)
3.	2001	X X X	5,673	2,273	(16)	(25)
4.	2002	X X X	X X X	11,428	1,305	(19)
5.	2003	X X X	X X X	X X X	10,094	3,674
6.	2004	X X X	X X X	X X X	X X X	35,165

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	3,476	38	61	(21)	
2.	2000	2,469	942	(4)	(6)	(8)
3.	2001	X X X	5,673	2,273	(16)	(25)
4.	2002	X X X	X X X	11,428	1,305	(19)
5.	2003	X X X	X X X	X X X	10,094	3,674
6.	2004	X X X	X X X	X X X	X X X	35,165

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	23,171	3,394			3,394	14.648			3,394	14.648
2.	2001	45,413	7,906			7,906	17.409			7,906	17.409
3.	2002	32,341	12,715			12,715	39.315			12,715	39.315
4.	2003	23	13,780			13,780	59,913.043			13,780	59,913.043
5.	2004		42,264			42,264				42,264	

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	3,476	38	61	(21)	
2.	2000	2,469	942	(4)	(6)	(8)
3.	2001	X X X	5,673	2,273	(16)	(25)
4.	2002	X X X	X X X	11,428	1,305	(19)
5.	2003	X X X	X X X	X X X	10,094	3,674
6.	2004	X X X	X X X	X X X	X X X	35,165

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	3,476	38	61	(21)	
2.	2000	2,469	942	(4)	(6)	(8)
3.	2001	X X X	5,673	2,273	(16)	(25)
4.	2002	X X X	X X X	11,428	1,305	(19)
5.	2003	X X X	X X X	X X X	10,094	3,674
6.	2004	X X X	X X X	X X X	X X X	35,165

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	23,171	3,394			3,394	14.648			3,394	14.648
2.	2001	45,413	7,906			7,906	17.409			7,906	17.409
3.	2002	32,341	12,715			12,715	39.315			12,715	39.315
4.	2003	23	13,780			13,780	59,913.043			13,780	59,913.043
5.	2004		42,264			42,264				42,264	

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building)			425,457		425,457
2.	Salaries, wages and other benefits			2,298,429		2,298,429
3.	Commissions (less \$..... ceded plus \$..... assumed)					
4.	Legal fees and expenses			44,882		44,882
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services			400,916		400,916
7.	Traveling expenses			30,280		30,280
8.	Marketing and advertising			6,850		6,850
9.	Postage, express and telephone			218,240		218,240
10.	Printing and office supplies			180,058		180,058
11.	Occupancy, depreciation and amortization			62,313		62,313
12.	Equipment			160,293		160,293
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services			1,274,701		1,274,701
15.	Boards, bureaus and association fees			(33,568)		(33,568)
16.	Insurance, except on real estate			330,144		330,144
17.	Collection and bank service charges			35,077		35,077
18.	Group service and administration fees					
19.	Reimbursements by uninsured accident and health plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses			6,183		6,183
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes			1,808		1,808
23.2	State premium taxes			121,790		121,790
23.3	Regulator authority licenses and fees			1,083		1,083
23.4	Payroll taxes					
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses			(5,714,903)		(5,714,903)
26.	Total expenses incurred (Lines 1 to 25)			(149,967)		(a) (149,967)
27.	Less expenses unpaid December 31, current year			168,538		168,538
28.	Add expenses unpaid December 31, prior year			69,352		69,352
29.	Amounts receivable relating to uninsured accident and health plans, prior year			331,544		331,544
30.	Amounts receivable relating to uninsured accident and health plans, current year			39,309		39,309
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..			(541,388)		(541,388)
DETAILS OF WRITE-INS						
2501.	Other Miscellaneous Expenses			89,835		89,835
2502.	ASO Administrative Fee Revenue			(5,804,738)		(5,804,738)
2503						
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)			(5,714,903)		(5,714,903)

(a) Includes management fees of \$.....5,591,888 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 31,751	..... 31,590
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 32,282	..... 32,282
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 64,033	..... 63,872
11.	Investment expenses	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g).....	
13.	Interest expense	(h).....	
14.	Depreciation on real estate and other invested assets	(i).....	
15.	Aggregate write-ins for deductions from investment income .....	.....
16.	Total deductions (Lines 11 through 15) .....	.....
17.	Net Investment income (Line 10 minus Line 16) .....	..... 63,872	
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501	.....	.....	.....
1502	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$..... accrual of discount less \$.....28,744 amortization of premium and less \$.....20,579 paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....
DETAILS OF WRITE-INS					
0901	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....

NONE

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied by the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivable for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Invested income due and accrued			
12.	Premium and considerations:			
12.1	Uncollected premiums and agents' balances in the course of collection			
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
12.3	Accrued retrospective premiums			
13.	Reinsurance:			
13.1	Amounts recoverable from reinsurers			
13.2	Funds held by or deposited with reinsured companies			
13.3	Other amounts receivable under reinsurance contracts			
14.	Amounts receivable relating to uninsured plans		308,073	308,073
15.1	Current federal and foreign income tax recoverable and interest thereon			
15.2	Net deferred tax asset			
16.	Guaranty funds receivable or on deposit			
17.	Electronic data processing equipment and software			
18.	Furniture and equipment, including health care delivery assets			
19.	Net adjustment in assets and liabilities due to foreign exchange rates			
20.	Receivable from parent, subsidiaries and affiliates			
21.	Health care and other amounts receivable		10,909	10,909
22.	Other assets nonadmitted			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)		318,982	318,982
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)		318,982	318,982
DETAILS OF WRITE-INS				
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	31,026	32,716	33,402	36,455	38,361	416,116
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	31,026	32,716	33,402	36,455	38,361	416,116
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

18 Exhibit 2 - Accident and Health Premiums NONE

19 Exhibit 3 - Health Care Receivables NONE

20 Exhibit 4 - Claims Unpaid NONE

21 Exhibit 5 - Amounts Due From Parent NONE

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
Victory Management Services, Inc.	Management Fees	100,019	100,019	
0199999 Total - Individually listed payables	X X X	100,019	100,019	
0299999 Payables not individually listed	X X X			
0399999 Total gross payables	X X X	100,019	100,019	

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

		1	2	3	4	5	6
Payment Method		Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:							
1.	Medical groups	64,818	662.490			64,818	
2.	Intermediaries						
3.	All other providers						
4.	Total capitation payments	64,818	662.490			64,818	
Other Payments:							
5.	Fee-for-service	(55,034)	(562.490)	X X X	X X X		(55,034)
6.	Contractual fee payments			X X X	X X X		
7.	Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8.	Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9.	Non-contingent salaries			X X X	X X X		
10.	Aggregate cost arrangements			X X X	X X X		
11.	All other payments			X X X	X X X		
12.	Total other payments	(55,034)	(562.490)	X X X	X X X		(55,034)
13.	Total (Line 4 plus Line 12)	9,784	100.000	X X X	X X X	64,818	(55,034)

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
NONE					
9999999			X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	.....	.....	.....	.....	.....	.....
2.	Medical furniture, equipment and fixtures	N O N E		.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....			.....	.....	.....	.....
4.	Durable medical equipment .....			.....	.....	.....	.....
5.	Other property and equipment .....			.....	.....	.....	.....
6.	Total .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statement

1. Summary of Significant Accounting Policies

- A. The financial statements of Victory Health Plan, Inc. ("VHP") are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance ("Department").

The Department recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. Effective January 1, 2001, the Department required that insurance companies domiciled in the State of Tennessee prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual

("NAIC SAP") as modified by the Department. Accordingly, the admitted assets, liabilities, capital and surplus of VHP as of December 31, 2004 and 2003, and the results of its operations and cash flows for the years then ended have been determined in accordance with the NAIC accounting principles.

There are no differences affecting VHP's net income or capital and surplus as a result of differences between the NAIC SAP and practices prescribed and permitted by the State of Tennessee.

Effective July 1, 2002, VHP signed Amendments I and II to the Contractor Risk Agreement with the State of Tennessee. Under the terms of these amendments, VHP has effectively become an administrative services only ("ASO") provider throughout an 18-month "stabilization" period. The contract changes provided an administrative services only fee to cover the processing of claims and other administrative costs of VHP; all medical risk shifted to the State of Tennessee with incurred dates of service beginning July 1, 2002. In December 2003 VHP signed Amendment IV to the Contractor Risk Agreement with the State of Tennessee, with a stated effective date of July 1, 2001. This amendment extended the stabilization period through December 31, 2004 (an additional 12 months), with an automatic renewal for calendar year 2005. VHP has followed SAP No. 47 to account for the ASO operations from July 1, 2002 through December 31, 2004.

- B. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Bonds are stated at amortized cost and bond premium is amortized using the straight-line method.
- (2) Medical Claims Payable represents the liability for services that have been performed by providers for the enrollees of the health maintenance organization through the period of June 30, 2002 (prior to the ASO arrangement). This liability includes medical and hospital expense claims reported to the Company and an actuarially determined estimate of claims that have been incurred but not reported. This estimate is based on the Company's available data history of claims paid. Medical expenses also include the payments made to providers under capitation arrangements.

2. Accounting Changes and Corrections of Errors

- A. There were no changes in accounting principles or corrections of errors during 2004 or 2003.
- B. Accounting changes adopted to conform to the provisions of the NAIC SAP, as modified, are reported as changes in accounting principles. The cumulative effect of the changes in accounting principles has been reported as an adjustment of unassigned surplus at January 1, 2001. The cumulative effect is the difference between the amount of capital and surplus at January 1, 2001 and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. The adoption of the new accounting principles in the NAIC SAP, as modified, has the effect of increasing capital and surplus at January 1, 2001 by \$73,310.

3. Business Combinations and Goodwill

Not applicable.

4. Discontinued Operations

Not applicable.

Notes to Financial Statement

5. Investments

Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable.

7. Investment Income

No investment income due or accrued has been non-admitted for 2004 or 2003.

8. Derivative Instruments

Not applicable.

9. Income Taxes

Windsor Health Group, Inc. files a consolidated federal tax return which includes the operations of VHP and its other subsidiaries (please refer to Schedule Y for further details). There were no deferred tax assets or liabilities reported by VHP at December 31, 2004 or 2003.

10. Information Concerning Parent, Subsidiaries and Affiliates

Windsor Health Group, Inc. ("WHG") owns 100% of the outstanding common stock of VHP. Windsor also owns 100% of the outstanding common stock of Victory Management Services, Inc. ("VMS") In addition, the Directors of VHP own 90% of the outstanding common stock of WHG, with the additional 10% being owned by Vanderbilt Health Services, Inc.

VMS provides all management activities for VHP, in exchange for a base fee stipulated in a management contract between the parties. As of December 31, 2004 and 2003, VHP owed VMS \$100,019 and \$972 for management fees.

Under the ASO arrangement, each month there is a large discrepancy between the administrative fee revenue received by VHP and the related management fee expense resulting from the stipulated management contract calculation. As a result, VHP was experiencing significant monthly losses. In July 2003, VMS management examined the operating needs of VMS and made a decision to forgive a portion of the monthly management fee. It was determined that effective July 1, 2003 management fees would equal the monthly administrative fee revenue received by VHP plus the amounts owed by the State for the case and disease management reimbursement. Any difference between the new calculation and the management fee calculation per the management contract (implied premium revenue x 11.5% less the subordinated note interest expense) would be forgiven by VMS. For 2003, a total of \$923,799 was forgiven, in accordance with a formal decision made by the VHP Board of Directors. For 2004, \$2,139,521 of calculated management fees have not been charged to VHP. A formal Board of Directors decision to approve the final 2004 forgiveness amount is anticipated after the March 1, 2005 statement filing deadline.

As prescribed by NAIC guidelines, management fees have been allocated to the appropriate expense categories for the purposes of completing the Underwriting and Investment Exhibit, Part 3. In order to allocate the management fees to VHP, a ratio of each expense to total expenses incurred by the management company is calculated. The ratios are then applied to management fees so that an amount can be allocated to each expense category.

11. Debt

On March 30, 2001 Vanderbilt University issued a subordinated surplus note to VHP in the amount of \$4,231,300. Interest is calculated quarterly, according to the terms of the note agreement, at the prime rate of Bank America on the date of measurement. Interest is recorded and paid only after express permission from the Commissioner of Insurance in the State of Tennessee has been received. As of December 31, 2004, interest totaling \$511,640 is due to VHS, but has not been recorded as expense or a payable on the statutory financial statements since it has not been approved. During 2002, interest in the amount of \$163,456 (for the periods of July 2001 to March 2002) was approved and paid to the note holder. As of December 31, 2003, VHP was also in default of one of the provisions of the surplus note relating to recurring net losses, but received a waiver from VHS effective until January 1, 2005. For 2004, VHP was not in default of any note provisions.

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

Not applicable - VHP does not have any employees.

Notes to Financial Statement

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.

As of December 31, 2004 and 2003, there were 100,000 shares of \$1.00 par value common stock issued and outstanding. The maximum amount of dividends that can be paid to shareholders, with the prior approval of the Tennessee Commissioner of Insurance, is limited to the greater of 10% of net worth as of December 31 next preceding or the net income from operations (excluding realized capital gains) for the twelve-month period ending December 31 next preceding.

As of December 31, 2004 and 2003, VHP's minimum net worth requirements were \$2,068,212 and \$1,816,519, respectively. VHP was in compliance with these requirements for both years.

14. Contingencies

Not applicable.

15. Leases

Not applicable.

16. Information About Financial Instruments with Off-Balance-Sheet Risk, Financial Instruments with Concentration of Credit Risk

Not applicable.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable.

**18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
ASO Plan Activities**

The loss from operations from Administrative Services Only uninsured plans was as follows during 2004 and 2003:

	<u>2004</u>	<u>2003</u>
a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$149,968	(\$973,154)
b. Total net other income or expenses (including interest paid to or received from plans)	<u>0</u>	<u>0</u>
c. Net gain or (loss) from operations	\$149,968	(\$973,154)
d. Total claim payment volume (excludes \$1,193,776 and \$954,888 of premium tax payments for 2004 and 2003, respectively)	\$59,995,765	\$46,097,316

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

20. September 11 Events

Not applicable.

21. Other Items

As of December 31, 2003, VHP had amounts receivable from the State of Tennessee Bureau of TennCare related to additional administrative fee payments stipulated in the signed July 2002 contract amendments. This receivable consisted of \$313,598 for the Medical Fund Target bonus (non-admitted at 12/31/03) for the period of July 2002 through June 2003, \$224,360 for the pharmacy bonus for the same period, and \$107,184 for the January - December 2003 case & disease management reimbursement.

In March 2004, VHP received payment for the \$107,184 related to the 2003 case & disease management. In October 2004, VHP received \$239,076 for the pharmacy bonus and in November 2004, VHP received \$298,135 for the medical fund target bonus.

As of December 31, 2004, VHP recorded \$39,309 of amounts receivable for the case and disease management reimbursement for the period of October - December 2004. This amount was received by VHP in February 2005.

Notes to Financial Statement

22. Events Subsequent

The 2002 contract amendments originally stipulated that the ASO arrangement would continue for a period of 18 months (ending December 31, 2003). However, in December 2003 VHP signed Amendment IV, which extended the ASO period through December 31, 2004, with an automatic renewal for calendar year 2005. The agreement between VHP and the State may be terminated by either party prior to December 31, 2005, subject to certain provisions contained in Amendment IV. The State of Tennessee continues to be in the process of examining and changing the structure of and benefits provided by the TennCare program and has preliminarily indicated that the medical risk will shift back to the managed care organizations at some future date (2006 or later).

Effective February 24, 2005, VHP formally changed its legal name to Windsor Health Plan of TN, Inc. dba VHP CommunityCare.

23. Reinsurance

A. Ceded Reinsurance

VHP does not have any ceded reinsurance for 2004 or 2003. VHP does not carry reinsurance as a result of its globally capitated contracts (the providers assume 100% of the medical risk). Through the period of August 2003 VHP assisted one of its globally capitated providers in obtaining reinsurance coverage. However, the provider was responsible for payment of the premiums and in turn, received all recoveries. After August 2003, the provider determined that benefits of the reinsurance policy did not outweigh the costs and decided to end the arrangement.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable.

25. Change in Incurred Claims and Claim Adjustment Expenses

The liability for claims unpaid as of December 31, 2004 and 2003 was \$0 and \$64,818, respectively. The decrease of \$64,818 is attributable to the payment of the final settlement to one of VHP's global capitation providers for the contract period of July 2001 through June 2002.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

As of December 31, 2004 and 2003, VHP had pharmacy rebates receivable (from Caremark) in the amount of \$0 and \$10,909, respectively. As of December 31, 2003 VHP also had amounts receivable of \$152,000 related to a contract settlement with Caremark, the Company's former pharmacy benefits manager. This amount represented payment for certain performance measures stipulated in the contract between the parties. All recorded amounts were received in 2004.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserve

Not applicable.

31. Anticipated Salvage and Subrogation

Not applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC	1,340,158	26.283	1,340,158	26.283
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA or FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	3,758,728	73.717	3,758,728	73.717
9.	Other invested assets				
10.	Total invested assets	5,098,886	100.000	5,098,886	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

06/30/2004
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

06/30/1997
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

02/23/1998
- 3.4 By what department or departments?
Tennessee Department of Commerce & Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, 424 Church Street, Suite 2400 Nashville, Tennessee 37219
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Edgar Schneider or James Drennan actuaries, Reden & Anders Ltd, 2170 Satellite Blvd, Suite 150, Duluth, GA 30097
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

GENERAL INTERROGATORIES (Continued)
FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers

15.12 To stockholders not officers

15.13 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers

15.22 To stockholders not officers

15.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

16.22 Borrowed from others

16.23 Leased from others

16.24 Other

\$
\$
\$
\$

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment

17.22 Amount paid as expenses

17.23 Other amounts paid

\$
\$
\$

INVESTMENT

18. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred					Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	100,000,000	100,000,000	1.000	X X X	X X X	X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[] No[X]

19.2 If no, give full and complete information, relating thereto:

Cash Equivalent investments are held by Bank of America, Georgia

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$.....

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[] No[X]

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

GENERAL INTERROGATORIES (Continued)

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes[] No[X]
23.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[] No[X]
24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

25 Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over statement (+)
25.1 Bonds .....	..... 1,340,159	..... 1,333,623	..... (6,536)
25.2 Preferred stocks .....	.....	.....	.....
25.3 Totals .....	..... 1,340,159	..... 1,333,623	..... (6,536)

25.4 Describe the sources of methods utilized in determining the fair values
Fair Values are obtained from the SVO when applicable, and by AmSouth Bank Investment Services when not reported by the SVO.

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.
27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

28.1 Amount of payments for legal expenses, if any? \$.
28.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$.
29.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	.....	23,373
2.2	Premium Denominator .....	.....	23,373
2.3	Premium Ratio (2.1 / 2.2) .....	.....	1.000
2.4	Reserve Numerator .....	.....	.....
2.5	Reserve Denominator .....	.....	124,618
2.6	Reserve Ratio (2.4 / 2.5) .....	.....	.....

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[] No[X]
- 5.2 If no, explain:

All VHP members, with the exception of Dual eligible members, are assigned to two provider panels. One panel operates under a global capitation agreement with VHP and as a result, assumes all medical risk for the members assigned to it. This provider group elected not to purchase reinsurance. The other provider group operated under a global capitation arrangement through 6/30/04 and it also elected not to purchase reinsurance. Beginning July 1, 2004 this provider group began operating under a fee-for-service contract and no reinsurance has been procured.
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

VHP's provider contract contain hold harmless language.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

.....1206
- 8.2 Number of providers at end of reporting year

.....1337
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

.....0
- 9.22 Business with rate guarantees over 36 months

.....0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[X] No[]
- 11.14 A Mixed Model (combination of above)?

Yes[] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.

Tennessee
- 11.4 If yes, show the amount required.

\$2,068,212
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.

GENERAL INTERROGATORIES (Continued)

Prior yr (2003) premium revenue & administrative fee payments \$51,705,292 x 4% = \$2,068,212

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Davidson County, TN

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	5,144,185	4,739,560	6,601,281	11,331,914	12,192,569
2. Total liabilities (Page 3, Line 22)	168,538	351,768	1,128,649	4,936,328	6,302,904
3. Statutory surplus	2,683,074	1,946,994	3,656,113	4,895,586	4,389,665
4. Total capital and surplus (Page 3, Line 30)	4,975,647	4,387,792	5,472,632	6,395,586	5,889,665
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)		60,663	32,340,696	45,412,968	23,121,689
6. Total medical and hospital expenses (Line 18)	(55,034)	(62,542)	28,215,978	39,014,848	18,952,803
7. Claims adjustment expenses (Line 20)					
8. Total administrative expenses (Line 21)	(149,967)	973,153	5,142,092	6,224,843	2,749,383
9. Net underwriting gain (loss) (Line 24)	205,001	(849,948)	(1,017,374)	173,277	1,455,592
10. Net investment gain (loss) (Line 27)	63,872	84,090	17,601	260,739	399,298
11. Total other income (Lines 28 plus 29)					(14,378,142)
12. Net income or (loss) (Line 32)	268,873	(765,858)	(922,954)	270,507	(12,523,252)
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	4,975,647	4,387,792	5,472,632	6,395,586	6,089,307
14. Authorized control level risk-based capital	56,832	750,846	865,511	1,048,450	830,926
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	38,361	28,910	26,632	35,711	13,507
16. Total members months (Column 6, Line 7)	416,116	334,760	389,254	296,119	153,520
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)		(268)	87	86	82
19. Cost containment expenses		X X X	X X X	X X X	X X X
20. Other claims adjustment expenses					
21. Total underwriting deductions (Line 23)		3,896	103	100	94
22. Total underwriting gain (loss) (Line 24)		(3,636)	(3)	0	6
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Column 5)	9,784	821,657	3,952,908	1,222,539	3,696,669
24. Estimated liability of unpaid claims-[prior year (Line 12, Column 6)]	64,818	884,199	4,249,523	1,222,539	4,222,521
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) ...					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) ...					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: Victory Health Plan, Inc. 2. DIVISION: Nashville, Tennessee
BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Group Code 1268

NAIC Company Code 95792

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	31,026								31,026				
2. First Quarter	32,716								32,716				
3. Second Quarter	33,402								33,402				
4. Third Quarter	36,455								36,455				
5. Current Year	38,361								38,361				
6. Current Year Member Months	416,116								416,116				
Total Member Ambulatory Encounters for Year:													
7. Physician	399								399				
8. Non-Physician	95								95				
9. Total	494								494				
10. Hospital Patient Days Incurred	21,654								21,654				
11. Number of Inpatient Admissions	4,531								4,531				
12. Health Premiums Written													
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned													
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	9,784								9,784				
18. Amount Incurred for Provision of Health Care Services	(55,034)								(55,034)				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: Victory Health Plan, Inc. 2. DIVISION: Nashville, Tennessee

NAIC Group Code 1268

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 95792

30 Grand Total

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	31,026								31,026				
2. First Quarter	32,716								32,716				
3. Second Quarter	33,402								33,402				
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5. Current Year	38,361								38,361				
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Total Member Ambulatory Encounters for Year:													
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8. Non-Physician	95								95				
9. Total	494								494				
10. Hospital Patient Days Incurred	21,654								21,654				
11. Number of Inpatient Admissions	4,531								4,531				
12. Health Premiums Written													
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned													
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	9,784								9,784				
18. Amount Incurred for Provision of Health Care Services	(55,034)								(55,034)				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 11	
2.2	Totals, Part 3, Column 7	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 14	
4.2	Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
6.1	Totals, Part 1, Column 12	
6.2	Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	
8.	Book/adjusted carrying value at the end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period (Page 2,mortgage lines, Net Admitted Assets column)	

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	1,340,158	1,333,623	1,366,926	1,310,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	1,340,158	1,333,623	1,366,926	1,310,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States				
	22.	Canada				
	23.	Other Countries				
	24.	Totals				
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	1,340,158	1,333,623	1,366,926	1,310,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	1,340,158	1,333,623	1,366,926	

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year ..	<u>1,327,515</u>	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	<u>811,387</u>	6.1 Column 15, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1.....	
3.1 Columns 12 + 13 - 14, Part 1.....	<u>(21,565)</u>	6.3 Column 16, Part 2, Section 2.....	
3.2 Column 18, Part 2, Section 1.....		6.4 Column 15, Part 4.....	
3.3 Column 15, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	<u>1,340,158</u>
3.4 Column 14, Part 4.....	<u>(7,179)</u>	8. Total valuation allowance.....	
4. Total gain (loss), Column 19, Part 4.....		9. Subtotal (Lines 7 plus 8).....	<u>1,340,158</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	
Column 7, Part 4.....	<u>770,000</u>	11. Statement value of bonds and stocks, current period.....	<u>1,340,158</u>

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Government, Schedules D & DA (Group 1)											
1.1	Class 1		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6.	Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1	Class 1											
6.2	Class 2											
6.3	Class 3											
6.4	Class 4											
6.5	Class 5											
6.6	Class 6											
6.7	TOTALS											
7.	Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1	Class 1											
7.2	Class 2											
7.3	Class 3											
7.4	Class 4											
7.5	Class 5											
7.6	Class 6											
7.7	TOTALS											
8.	Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1	Class 1											
8.2	Class 2											
8.3	Class 3											
8.4	Class 4											
8.5	Class 5											
8.6	Class 6											
8.7	TOTALS											
9.	Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1	Class 1											
9.2	Class 2											
9.3	Class 3											
9.4	Class 4											
9.5	Class 5											
9.6	Class 6											
9.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1	Class 1		1,340,158				1,340,158	100.00	X X X	X X X	1,340,158	
10.2	Class 2								X X X	X X X		
10.3	Class 3								X X X	X X X		
10.4	Class 4								X X X	X X X		
10.5	Class 5						(c)		X X X	X X X		
10.6	Class 6						(c)		X X X	X X X		
10.7	TOTALS		1,340,158				(b) 1,340,158	100.00	X X X	X X X	1,340,158	
10.8	Line 10.7 as a % of Column 6		100.00				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1	Class 1		1,327,515				X X X	X X X	1,327,515	100.00	1,327,515	
11.2	Class 2						X X X	X X X				
11.3	Class 3						X X X	X X X				
11.4	Class 4						X X X	X X X				
11.5	Class 5						X X X	X X X	(c)			
11.6	Class 6						X X X	X X X	(c)			
11.7	TOTALS		1,327,515				X X X	X X X	(b) 1,327,515	100.00	1,327,515	
11.8	Line 11.7 as a % of Col. 8		100.00				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1	Class 1		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	X X X
12.2	Class 2											X X X
12.3	Class 3											X X X
12.4	Class 4											X X X
12.5	Class 5											X X X
12.6	Class 6											X X X
12.7	TOTALS		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	X X X
12.8	Line 12.7 as a % of Col. 6		100.00				100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Col. 6, Section 10		100.00				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1	Class 1										X X X	
13.2	Class 2										X X X	
13.3	Class 3										X X X	
13.4	Class 4										X X X	
13.5	Class 5										X X X	
13.6	Class 6										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$..... current year, \$..... prior year of bonds with 5* designations and \$..... current year, \$..... prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	
1.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
1.7	TOTALS		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations											
2.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3	Defined											
2.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5	Defined											
2.6	Other											
2.7	TOTALS											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3	Defined											
3.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5	Defined											
3.6	Other											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations											
4.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3	Defined											
4.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5	Defined											
4.6	Other											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations											
5.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3	Defined											
5.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5	Defined											
5.6	Other											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. Total Bonds Current Year											
10.1 Issuer Obligations		1,340,158				1,340,158	100.00	X X X	X X X	1,340,158	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS		1,340,158				1,340,158	100.00	X X X	X X X	1,340,158	
10.8 Line 10.7 as a % of Column 6		100.00				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations		1,327,515				X X X	X X X	1,327,515	100.00	1,327,515	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS		1,327,515				X X X	X X X	1,327,515	100.00	1,327,515	
11.8 Line 11.7 as a % of Column 8		100.00				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS		1,340,158				1,340,158	100.00	1,327,515	100.00	1,340,158	X X X
12.8 Line 12.7 as a % of Column 6		100.00				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10		100.00				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

39	Schedule DA Part 2	NONE
40	Schedule DB Part A Verification	NONE
40	Schedule DB Part B Verification	NONE
41	Schedule DB Part C Verification	NONE
41	Schedule DB Part D Verification	NONE
41	Schedule DB Part E Verification	NONE
42	Schedule DB Part F Sn 1 - Sum Replicated Assets	NONE
43	Schedule DB Part F Sn 2 - Recon Replicated Assets	NONE
44	Schedule S - Part 1 - Section 2	NONE
45	Schedule S - Part 2	NONE
46	Schedule S - Part 3 - Section 2	NONE
47	Schedule S - Part 4	NONE

SCHEDULE S - PART 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2004	2 2003	3 2002	4 2001	5 2000
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX - Medicaid					49
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses					(36)
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses					
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE					
(DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

49	Schedule S - Part 6	NONE
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50	Schedule T - Premiums and Other Considerations	NONE
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SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
..... 92579 .....	... 61-1530448 62-1531881	Victory Managment Services, Inc. Victory Health Plan, Inc. .... .....	.....	.....	.....	.....	..... 5,591,888 (5,591,888) .....	.....	.....	.....	..... 5,591,888 (5,591,888) .....	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES

INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
MARCH FILING	
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
3. Will an actuarial certification be filed by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	No
5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
6. Will the Life Supplement be filed with the state of domicile and the NAIC by March 1?	No
7. Will the Property/Casualty Supplement be filed with the state of domicile and the NAIC by March 1?	No
APRIL FILING	
8. Will Management's Discussion and Analysis be filed by April 1?	Yes
9. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
10. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
11. Will an audited financial report be filed by June 1 with the state of domicile?	Yes
Explanations:	

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



957922004360000002004Document Code: 360

Risk-Based Capital Filing



957922004390000002004Document Code: 390

Health Life Supplement



957922004205000002004Document Code: 205

Health Property / Casualty Supplement



957922004207000002004Document Code: 207

LTC Experience Reporting Form C



957922004330000002004Document Code: 330

OVERFLOW PAGE FOR WRITE-INS

E01 Schedule A - Part 1 Real Estate Owned NONE

E02 Schedule A - Part 2 Real Estate Aquired NONE

E03 Schedule A - Part 3 Real Estate Sold NONE

E04 Schedule B - Part 1 Mortgage Loans Owned NONE

E05 Schedule B - Part 2 Mortgage Loans Sold NONE

E06 Schedule BA - Part 1 Invested Assets Owned NONE

E07 Schedule BA - Part 2 Invested Assets Sold NONE

SCHEDULE D - PART 1
Showing all Long-Term BONDS Owned December 31, of Current Year

1 CUSIP Identi- fication	2 Description	Codes			6 NAIC Design- ation	7 Actual Cost	Fair Value		10 Par Value	11 Book/ Adjusted Carrying Value	Change in Book Adjusted Carrying Value				Interest					Dates		
		3 * N	4 F O R E I G N	5 Bond CHAR			8 Rate Used to Obtain Fair Value	9 Fair Value			12 Unrealized Valuation Increase/ (Decrease)	13 Current Year's (Amortization) Accretion	14 Current Year's Other Than Temporary Impairment Recognized	15 Total Foreign Exchange Change in B./A.C.V.	16 Rate of	17 Effective Rate of Interest	18 How Paid	19 Admitted Amount Due and Accrued	20 Gross Amount Received During Year	21 Acquired	22 Maturity	
U.S. Governments - Issuer Obligations																						
3133MKYS0	Federal Home Loan Bank Note . . . . .	. . .	. . .	. . .	1	115,088	100.0540	110,059	110,000	110,000	(2,544)			4.125	1.774	1.7 . . .	2,269	4,538	01/10/2003	01/14/2005
3133MNS69	Federal Home Loan Bank Note . . . . .	. . .	. . .	. . .	1	105,500	100.5470	100,547	100,000	100,917	(2,750)			4.125	1.369	5.11 . . .	344	4,125	05/01/2003	05/13/2005
3134A4RA4	Federal Home Loan Mortgage Corporation . . . . .	. . .	. . .	. . .	1	334,950	100.0170	330,056	330,000	331,650	(2,475)			2.875	2.117	3.9 . . .	2,372	9,487	09/03/2003	09/15/2005
3133MEU66	Federal Home Loan Bank Note . . . . .	. . .	. . .	. . .	1	811,388	102.9820	792,961	770,000	797,591	(13,796)			5.375	2.603	5.11 . . .	3,449	41,388	05/14/2004	05/16/2006
0199999 Subtotal - U.S. Governments - Issuer Obligations						1,366,926	X X X	1,333,623	1,310,000	1,340,158	(21,565)			X X X	X X X	X X X	8,434	59,538	X X X	X X X		
0399999 Subtotal - U.S. Governments						1,366,926	X X X	1,333,623	1,310,000	1,340,158	(21,565)			X X X	X X X	X X X	8,434	59,538	X X X	X X X		
5499999 Subtotals - Issuer Obligations						1,366,926	X X X	1,333,623	1,310,000	1,340,158	(21,565)			X X X	X X X	X X X	8,434	59,538	X X X	X X X		
6099999 Grand Total - Bonds						1,366,926	X X X	1,333,623	1,310,000	1,340,158	(21,565)			X X X	X X X	X X X	8,434	59,538	X X X	X X X		

E09 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned NONE

E10 Schedule D - Part 2 Sn 2 Common Stocks Owned NONE

SCHEDULE D - PART 3
Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
3133MEU66	Federal Home Loan Bank Note		05/14/2004 ..	AmSouth Investment Services	X X X	811,387	770,000.00	20,579
0399999 Subtotal - Bonds - U.S. Governments						811,387	770,000.00	20,579
6099997 Subtotal - Bonds - Part 3						811,387	770,000.00	20,579
6099998 Summary item from Part 5 for Bonds								
6099999 Subtotal - Bonds						811,387	770,000.00	20,579
6599998 Summary Item from Part 5 for Preferred Stocks							X X X	
7299998 Summary Item from Part 5 for Common Stocks							X X X	
7399999 Subtotal - Preferred and Common Stocks							X X X	
7499999 Totals						811,387	X X X	20,579

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest Stock Dividends Received During Year	Maturity Date
Bonds - U.S. Governments																				
31359MES8	Federal National Mortgage Association		05/14/2004	AmSouth Investment Services	X X X ...	335,000	335,000.00	349,826	337,965		(2,965)		(2,965)		335,000				9,369	05/14/2004
31359MES8	Federal National Mortgage Association		05/14/2004	AmSouth Investment Services	X X X ...	435,000	435,000.00	455,227	439,214		(4,214)		(4,214)		435,000				12,166	05/14/2004
0399999 Subtotal - Bonds - U.S. Governments						770,000	770,000.00	805,053	777,179		(7,179)		(7,179)		770,000				21,535	X X X
6099997 Subtotal - Bonds - Part 4						770,000	770,000.00	805,053	777,179		(7,179)		(7,179)		770,000				21,535	X X X
6099998 Summary Item from Part 5 for Bonds																				X X X
6099999 Subtotal - Bonds						770,000	770,000.00	805,053	777,179		(7,179)		(7,179)		770,000				21,535	X X X
6599998 Summary Item from Part 5 for Preferred Stocks							X X X ...													X X X
7299998 Summary Item from Part 5 for Common Stocks							X X X ...													X X X
7399999 Subtotal - Preferred and Common Stocks							X X X ...													X X X
7499999 Totals						770,000	X X X ...	805,053	777,179		(7,179)		(7,179)		770,000				21,535	X X X

E13	Schedule D - Part 5 LT Bonds/Stocks Aquired/Disp	NONE
E14	Schedule D - Part 6 Sn 1	NONE
E14	Schedule D - Part 6 Sn 2	NONE
E15	Schedule DA - Part 1 ST Investments Owned	NONE
E16	Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned	NONE
E16	Schedule DB - Part A Sn 2 Opt/Cap/Floor Aquired	NONE
E17	Schedule DB - Part A Sn 3 Opt/Cap/Floor Term	NONE
E17	Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force	NONE
E18	Schedule DB - Part B Sn 2 Opt/Cap/Floor Written	NONE
E18	Schedule DB - Part B Sn 3 Opt/Cap/Floor Term	NONE
E19	Schedule DB - Part C Sn 1 Col/Swap/Fwrdr Open	NONE
E19	Schedule DB - Part C Sn 2 Col/Swap/Fwrdr Opened	NONE
E20	Schedule DB - Part C Sn 3 Col/Swap/Fwrdr Term	NONE
E20	Schedule DB - Part D Sn 1 Futures Contracts Open	NONE
E21	Schedule DB - Part D Sn 2 Futures Contracts Opened	NONE
E21	Schedule DB - Part D Sn 3 Futures Contracts Term	NONE
E22	Schedule DB - Part E Sn 1 Counterparty Exposure	NONE

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6	7
Depository			Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories								
AmSouth Bank	Nashville, Tennessee			0.250	244		62,896	X X X
Bank of America, N.A.	Atlanta, Georgia			1.996	32,037		3,695,832	X X X
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories				X X X ..				X X X
0199999 Totals - Open Depositories				X X X ..	32,281		3,758,728	X X X
0299998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories				X X X ..				X X X
0299999 Totals - Suspended Depositories				X X X ..				X X X
0399999 Total Cash On Deposit				X X X ..	32,281		3,758,728	X X X
0499999 Cash in Company's Office				X X X ..	X X X ...	X X X ...		X X X
0599999 Total Cash				X X X ..	32,281		3,758,728	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	3,270,812	4. April	3,194,183	7. July	3,212,097	10. October	3,461,003
2. February	3,047,227	5. May	2,722,655	8. August	3,203,222	11. November	3,773,064
3. March	3,339,563	6. June	3,183,310	9. September	3,215,837	12. December	3,758,728

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments owned December 31 of current year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
Tennessee						
TN00001	B	Federal Home Loan Bank Note 4.125% 01/14/2005	AmSouth Investment Services, Nashville TN TN RSD Pledged for Statutory	110,000	110,000	110,059
TN00002	B	Federal Home Loan Bank Note 4.125% 05/13/2005	AmSouth Investment Services, Nashville TN TN RSD Pledged for Statutory	100,000	100,917	100,547
TN00003	B	Federal Home Loan Mortgage Corp. 2.875% 09/15/2005	AmSouth Investment Services, Nashville TN TN RSD Pledged for Statutory	330,000	331,650	330,056
TN00004	B	Federal Home Loan Bank Note 5.375% 5/15/2006	AmSouth Investment Services, Nashville TN TN RSD Pledged for Statutory	770,000	797,592	792,961
TN99999	Subtotals - Tennessee			1,310,000	1,340,159	1,333,623
XX99999	Subtotals - Special Deposits Not Held for the Benefit Of All Policyholders, Claimants and Creditors of the Company			1,310,000	1,340,159	1,333,623
9999999	Totals			1,310,000	1,340,159	1,333,623

(a) Including \$..... cash and short-term investments as defined in SSAP No.2 of the NAIC Accounting Practices and Procedures Manual.



SUPPLEMENTAL COMPENSATION EXHIBIT
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:
or 2) allocation to each insurer:

Yes[X] No[]
Yes[] No[X]
Yes[X] No[]
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[] No[X]
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[] No[X]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position		2 Year	Annual Compensation			
			3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1. Director Philip Hertik	2004	46,240 .....	.....	.....	46,240
	2003	44,276 .....	.....	.....	44,276
	2002	195,088 .....	.....	.....	195,088
2. President & Chief Executive Officer Michael Bailey	2004	97,896 .....	.....	.....	97,896
	2003	98,294 .....	.....	.....	98,294
	2002	249,189 .....	.....	.....	249,189
3. Executive Vice President & Secretary Willis Jones III	2004	68,877 .....	.....	.....	68,877
	2003	66,396 .....	.....	.....	66,396
	2002	167,121 .....	.....	.....	167,121
4. Chief Information Officer Steven Yates	2004	57,167	1,950 .....	.....	59,117
	2003	60,234	2,125 .....	.....	62,359
	2002	145,760	20,492 .....	.....	166,252
5. Director of Systems Analysis & Reporting Barry Shermer	2004	42,520	1,950 .....	.....	44,470
	2003	45,399	1,488 .....	.....	46,887
	2002	71,828	6,995 .....	.....	78,823
6.	2004 .....	.....	.....	.....	.....
	2003 .....	.....	.....	.....	.....
	2002 .....	.....	.....	.....	.....
7.	2004 .....	.....	.....	.....	.....
	2003 .....	.....	.....	.....	.....
	2002 .....	.....	.....	.....	.....
8.	2004 .....	.....	.....	.....	.....
	2003 .....	.....	.....	.....	.....
	2002 .....	.....	.....	.....	.....
9.	2004 .....	.....	.....	.....	.....
	2003 .....	.....	.....	.....	.....
	2002 .....	.....	.....	.....	.....
10.	2004 .....	.....	.....	.....	.....
	2003 .....	.....	.....	.....	.....
	2002 .....	.....	.....	.....	.....

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
N O N E			
9999999

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